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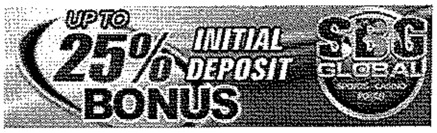

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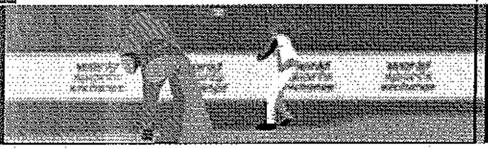

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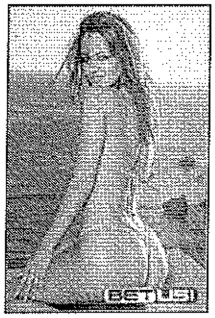

Another Internet Gambling Bust involving BetUs.com and 3 others

written May 11, 2007

The AP is reporting that Federal authorities announced charges against seven people and four companies Friday, including BetUS.com, in an alleged scheme to disguise credit-card payments for Internet gambling.

Ironically, BetUS.com used to be a part of BetonSports.com until the two heads parted ways almost nine years ago now.

The defendants live in Las Vegas, but the companies that helped carry out the fraud were based in Draper, a Salt Lake City suburb, according to the indictment.

``We now have a body of information technology and strategy that can cross many jurisdictions,'' U.S. Attorney Brett Tolman said.

Virtually all Internet gambling is illegal in the United States, with some exceptions carved out for horse racing, he said.

Congress has largely exempted people who gamble online from criminal charges, but companies are prohibited from processing online bets.

The indictment claims banks issuing Visa and MasterCard credit cards were fooled into processing Internet gambling charges. Defendants also channeled Western Union wire transfers through the Philippines.

The charges include racketeering conspiracy, bank fraud, transmission of wagers and money laundering.

The indictment seeks to recover $150 million from the defendants as well as real estate, vehicles and other assets under RICO, the federal Racketeer Influenced and Corrupt Organizations law.

The defendants are scheduled to appear in U.S. District Court in Salt Lake City on May 30.
According to the US Department of Justice,

A federal grand jury in Salt Lake City returned a 34-count indictment Wednesday afternoon charging seven individuals and four companies with conspiring to violate laws prohibiting Internet gambling, U.S. Attorney Brett L. Tolman for the District of Utah, and Special Agent in Charge Wes Eddy of the IRS Criminal Investigation Division's Las Vegas Field Office.

The indictment, unsealed on May 10, 2007, alleges the defendants operated a business that helped Internet gambling websites to disguise credit card charges for gambling as charges for something else, thereby deceiving credit card issuers who otherwise would not have authorized the transactions. The indictment also alleges the defendants' businesses also assisted Internet gambling websites by arranging fund transfers between bettors in the United States and various Internet gambling websites using Western Union wire transfers. One Internet gambling website, BetUS, is also charged with conspiring with the individuals named in the indictment. According to BetUS's website, BetUS provides internet based sports and casino gambling.

During the course of their conspiracy, the indictment alleges that the defendants facilitated the payment of more than $150 million to illegal Internet gambling websites.

Charged in the indictment are Baron Lombardo, 46, of Las Vegas; Richard Carson-Selman, 51, of Las Vegas; Henry G. Bankey, 49, of Las Vegas; Francisco Lombardo a.k.a. Frank Lombardo, 52, of Las Vegas; Count C. Lombardo, 43, of Las Vegas; Tina I. Hill, 32, of Sandy, Utah and Las Vegas; Kimberlie Lombardo a.k.a. Kittie Lombardo, 43, of Las Vegas; CurrenC, Ltd., also known as CurrenC WorldWide, LTD., of Road Town, Tortola, British Virgin Islands; Gateway Technologies, LLC., of Draper, Utah; Hill Financial Services, Inc., of Draper, Utah, and Las Vegas; and BetUS of Kanawahke, Canada.

"Virtually all Internet gambling is illegal. Individuals and businesses that facilitate illegal Internet gambling are violating numerous federal and state laws," U.S. Attorney Brett L. Tolman said. "Payment processors who attempt to hide the true nature of the transactions they are conducting and the Internet gambling websites that use these payment processors will be prosecuted and brought to justice."

"Internet gambling, along with other types of 'illegal e-commerce,' are areas of interest to IRS Criminal Investigation," IRS Special Agent in Charge Eddy said. "Laundering money from illegal activity such as illegal internet gambling is a crime. Regardless of how the money changes hands-via cash, check, wire transfers or credit cards-and regardless of where the money is stored-in a United States financial institution or an off shore bank-we will trace the funds and seize them. IRS Criminal Investigation will vigorously investigate and prosecute the owners and operators of these illegal enterprises to the fullest extent possible."

The defendants are charged with RICO conspiracy, bank fraud, violations of the wire-wager act, and money laundering. In addition to the criminal charges, the indictment also contains a forfeiture provision seeking forfeiture of $150 million as well as real estate, vehicles, and funds in numerous bank accounts.

The indictment alleges the individual defendants and three related businesses, CurrenC, LTD, also known as CurrenC Worldwide LTD; Gateway Technologies, LLC; Hill Financial Services, as well as BetUS, conspired to promote illegal Internet gambling in the United States. The indictment alleges the defendants operated a payment processing business that catered to illegal Internet gambling businesses. As a part of their payment processing services, the indictment alleges that the defendants purposefully misclassified credit card transactions to fool banks into processing Internet gambling charges; collected monies transferred from bettors in the United States via credit card transactions; and transferred the collected funds to various Internet gambling web site operators. The indictment further alleges that the purpose of the defendants' business was to help gambling websites have their transactions approved by Visa and MasterCard issuing banks, which would not knowingly authorize Internet gambling transactions.

The indictment alleges that the defendants also conspired to offer their illegal Internet gambling websites another payment processing option through Western Union wire transfers. According to the indictment, the defendants caused the illegal Internet gambling website's customers to wire funds through Western Union to people in the Philippines who were associated with the defendants. The defendants then caused these associates in the Philippines to transfer funds to accounts controlled by the defendants.

In order to operate their illegal payment processing business, the indictment alleges the defendants created a website they called "the Gateway." The Gateway was an automated collector and processor of illegal Internet gambling funding transactions. The indictment alleges that the defendants caused the Gateway to misclassify the transactions to Visa and MasterCard, representing that the transactions were for something other than gambling. In this manner, the defendants assisted illegal Internet gambling websites in having their gambling transactions authorized by Visa and MasterCard issuing banks.

The indictment further alleges that the defendants used offshore accounts to receive the proceeds of their payment processing business. The defendants then caused this money to be transferred to their client websites. For their services, the defendants collected per-transaction fees from their clients. The defendants allegedly transferred their proceeds to businesses in the United States that they owned and controlled, including Gateway Technologies and Hill Financial. According to the indictment, the defendants also used trusts, including Bablcom Domestic Non Grantor Insurance Trust, Landbaron Ultra Trust, Behnke Domestic Non Grantor Insurance Trust, Lime Light Domestic Non Grantor Insurance Trust and Red Dogg Ultra Trust, to conceal their profits from their illegal payment processing business. The defendants then used the funds transferred to trust bank accounts to make investments and to buy real property, cars, and other personal property.

None of the defendants are in custody at this time. Richard Carson-Selman was arrested on May 10, 2007, in Las Vegas. He had an initial appearance in Las Vegas yesterday and was released on conditions under the supervision of pre-trial services. Baron Lombardo will self-surrender in Las Vegas today and will have an initial appearance. All of the defendants are scheduled to be arraigned in U.S. District Court in Salt Lake City on Wednesday, May 30, at 10 a.m. before U.S. Magistrate Judge Paul Warner.

The potential maximum penalties for the counts in the indictment include 20 years for racketeering conspiracy; 30 years for bank fraud; two years for transmission of wagers/wagering information; and 20 years for money laundering.

Defendants charged in indictments are presumed innocent unless or until proven guilty in court.

The case is being investigated by the IRS Criminal Investigation Division and is being prosecuted by Assistant U.S. Attorney D. Loren Washburn of the District of Utah and trial attorney Marty Woelfle of the Criminal Division's Organized Crime and Racketeering Section.

EOG will continue to update this situation as we gather more facts.

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